Building a culture of innovation
Seize the opportunity

Paul Murphy
Director of Operations
Electri-Cable Assemblies
Presentation Goals

1. Building the right culture to foster innovation
2. Understanding the need to slow down to see the opportunity
3. Developing the discipline of execution
Who is ECA?

ECA provides innovative power and data solutions. We are committed to delivering the ultimate customer experience by building strong relationships focused on our customer’s individual needs.
ECA - A Quick History

• Founded in 1975 by David McCarthy
• Built new building in 1998
• Lean Journey began in 2000 (so we are relatively new at it) – Rapid Culture Change
• Purchased Company in 2006 (about 4.5M in sales)
• Grown to 125 employees
Where we started…

“The company’s “culture” is perceived as being reactive, unstable, unpredictable, disjointed, and at times emotional and hostile.”

“At times the employees feel they are subjected to politics, game playing, and power plays.”

“Employees have given up trying to voice their ideas because they have experienced a history of not being heard.”

“Employees in the shop are somewhat fearful. There is a lack of rapport between management and production.”

“There is tremendous interpersonal stress.”

And Management’s perceptions were: ???
Some early lean success

• 5S
• Kanban
• Visuals
• Kaizen activity
• Employee excitement

• AME North East winner 2008
But....we struggled with new product innovation

• Hit or miss
• Missed release dates
• Some products difficult to manufacture
We made the typical mistakes

- Leaving it up to the smart few. Engineers and Design consultants
- Just focussing on new product.
- Looking for the home run
- Focussing on NPI process efficiency
- Trying to measure success in terms of sales

We tried to improve the process
- Funnels
- Gates
- Report outs
- Streamlined processes
- Focussed on getting people involved
Result: A little sustainable gain
What is innovation?

How do you define innovation?

Websters
1: the introduction of something new
2: a new idea, method, or device

“Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It’s not about money. It’s about the people you have, how you’re led, and how much you get it.”
How do you get innovation?

How do you successfully grow a plant?

• Right Seed
• Proper Nutrition
• Proper temperature
• Good soil

• Knowledgeable Care
• Patience
Which atmosphere works best?

Which one do you have?
How do you get innovation?

Create an innovative environment

Innovative thinking
+ Clear Strategic direction
+ Empowered trained employees
+ Process discipline = Success
Create the Culture ( Desired Attitudes)

Culture is the way you think, act, and interact.
How engaged is your team?

If your Team was truly engaged, how different would the performance of your team be?
Our Focus and Challenge

• People want to be a part of something big.
• People want to feel a sense of belonging.
• People want to go on a meaningful journey.
• People want to know that their contributions make a significant impact or difference.

• It starts with our Mission, Vision, Values and Purpose!
Creating the right Culture

**MISSION**

ECA provides innovative power and data solutions. We are committed to delivering the ultimate customer experience by building strong relationships focused on our customer’s individual needs.

**VISION**

To bring passionate people together to work hard, have fun and inspire each other.
Values & Purpose

1) Create and embrace change
2) Strive to be the best
3) Be honest, open and respectful
4) Inspire others
5) Be passionate
6) Accept responsibility and be accountable
7) Learn – everyday
8) Have fun
Vehicle of culture change

How do we create the desired attitudes? SABA

By installing **Structures** that precipitate specific **Activities** to occur. These activities foster certain **Behaviors** which over time motivate the formation of desired **Attitudes**.
Structures at ECA that encourage innovation

- Employee hiring and on boarding
- Structured, continuous learning
- Personnel development for innovation
- Problem Surfacing process
- Starbucks rewards
- Engagement in all areas
- NPI process

Encouraging mistakes and learning from failure
Personnel development for innovation

Up front recruiting and onboarding
MVVP Training
Understanding the whole process and the value provided
Opportunities to express their creativity
Charity games
Community involvement

Opportunities to lead and be creative
Problem Surfacing and solving

Focused employee engagement
Easy to use structures uncovering and managing opportunities
Training lean thinkers
Empowering

Problems first

Proper solving tool
Problem Surfacing and solving

Focused employee engagement
Easy to use structures uncovering and managing opportunities
Trained lean thinkers

Yields… employees who define and solve problems daily.
Example of innovation spreading
How do we provide time?

• Disciplined execution of the daily basics.
  – Heartbeat leadership
  – Leader Standard Work
  – Tier meetings
  – Job instruction
Heartbeat Leadership

What do you stand for?
You must decide if you are the type of company that invests in the lean ship only to head to port at the first sign of a storm, returning to sailing when the waters have calmed.

Leaders who put process ahead of results
Sharing direction, plans and information
Invest in their people

Can’t have leaders who are too busy
Idea crushers
Overcomers v’s solvers
Leader standard work

Leader Standard Work brings the leader to the Visuals. Data on the Visual Control is brought to the Accountability Meeting which results in Process Change. Follow up through Leader Standard Work provides the mechanism to systematically sustain the change.
Leader standard work

- Not a way to get more done, but to ensure time for employee development, improvement and innovation

- 210 minutes scheduled

- 240 unscheduled
Result

• Engaged employees at all levels, who are capable of meaningfully participating in solving problems
• The courage to do it
• The time to do it
• The motivation.
  – They understand both the what and the why
NPI Process improvements

- Customer problem driven.
- Up front investment in ensuring everyone is at the table
- Lots of sampling and collaboration
- Clarity on roles and responsibilities
- Design for manufacturability
- Structured processes – Right sized for need
  - Red dot process
  - Weekly stand-up update meetings
  - Clear development milestones
- Ownership for product
Flush mount challenge

Problem: None of our products fit flush to a work surface. Customers wanted power and USB that was simple to install and easily customizable in many colors.

Solution
Collaborative lean product design team effort.
80% common parts
Standard sizes
Flexible faces
Designed for manufacturability
Excellent market acceptance
100’s of customizable options

Flexible platform easily customizable to customers needs
Innovation example

The problem: Our legacy product won’t fit the customers cut outs. Too small. Customers reluctant to cut different holes.
Struggles and challenges

MISTAKES MADE/ LESSONS LEARNED/ STRUGGLES/ CHALLENGES

• Getting people to recognize their pain and not put up with it
• Overcoming v’s resolving
• Indoctrinating the new employees
• Defining what is the problem
• Experimentation encouraged
• Slowing down
Reward the engaged

**KEEPING IT FRESH**
The Bar
Custom Bobble heads
Starbucks
Celebrate success
Monthly charity events
Monthly employee engagement
The Cafeteria. Designed by employees for employees
Custom Bobble heads
## Results – The last 4 years

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of the company sales</td>
<td>22% growth YOY</td>
</tr>
<tr>
<td>Net Profit %</td>
<td>Up 60%</td>
</tr>
<tr>
<td>New product platform revenue</td>
<td>36% - 2 years</td>
</tr>
<tr>
<td>Multiple successful launches</td>
<td>Isle, Marina, Getaway, Cove</td>
</tr>
<tr>
<td>Improvements implemented</td>
<td>1500+</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>60% fully engaged and 6% Disengaged</td>
</tr>
<tr>
<td>Employee retention</td>
<td>Excellent</td>
</tr>
</tbody>
</table>
In Summary

SABA to facilitate the change
Authentic Leadership

• Insistent & Persistent
• Living Lean
• Objective realists
• Roll up your sleeves
• Creating organizational discomfort with today
• Asking 3 fundamental questions
Three Fundamental Questions

1. How capable is our organization of **surfacing problems** and **opportunities** and **resolving** them **thoroughly** and **quickly** at **all** levels?

2. How **engaged** are our associates?

3. Are we **developing** tomorrow’s leaders, today?
Thank You!

Please complete the session survey at:
www.ame.org/survey

Session: WP/27
Building a culture of innovation
Paul Murphy
Electri-Cable Assemblies
pmurphy@electri-cable.com